

10 CRIM

129

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

ORIGINAL

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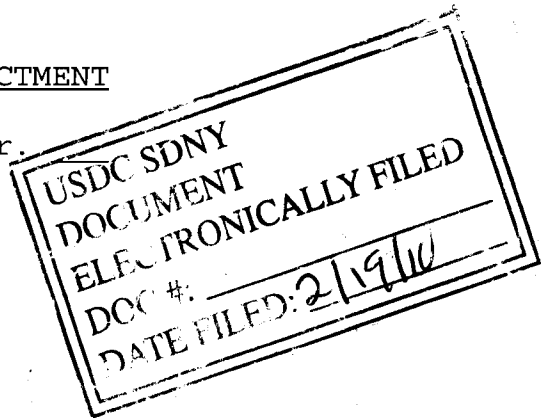
UNITED STATES OF AMERICA :

-v.- : INDICTMENT

SHAHEID BILAL, : 10 Cr.  
RHONDA PAYNE, and :  
RICHARD BRITT, :

Defendants. :

- - - - - X



COUNT ONE

(Conspiracy To Commit Bank And Wire Fraud)

The Grand Jury charges:

BACKGROUND

1. At all times relevant to this Indictment, Nuface Investors, Inc. ("Nuface"), was a purported real estate development company located in East Orange, New Jersey. SHAHEID BILAL and RHONDA PAYNE, the defendants, controlled Nuface.

2. At all times relevant to this Indictment, LMF Entertainment, Nationwide Property Management, Flawless Too LLC, and Brickhouse Transportation, LLC, were companies controlled by, among others, SHAHEID BILAL and RHONDA PAYNE, the defendants.

3. At all times relevant to this Indictment, RICHARD BRITT, the defendant, was a mortgage broker in Atlanta, Georgia.

4. At all times relevant to this Indictment, First National Bank of Arizona and Lehman Brothers Bank were financial institutions, the deposits of which were insured by the Federal

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Deposit Insurance Corporation.

**THE SCHEME TO DEFRAUD**

5. At all times relevant to this Indictment, and through the mortgage fraud scheme described herein, SHAHEID BILAL, RHONDA PAYNE, and RICHARD BRITT, the defendants, and others known and unknown, fraudulently obtained, and assisted others in fraudulently obtaining, home mortgage loans from various lending institutions (the "lenders") for the purchase of certain residential properties (the "target properties"). Through their scheme, the defendants obtained numerous home mortgage loans under false and fraudulent pretenses, with a total face value of over \$3,000,000, in order to enrich themselves and their co-conspirators. Many of these loans are now in default and/or foreclosure.

6. In furtherance of the scheme to defraud, from at least in or about 2005 through in or about 2007, SHAHEID BILAL, RHONDA PAYNE, and RICHARD BRITT, the defendants, and others known and unknown, prepared and submitted, and assisted in the preparation and submission of, applications and supporting documentation for home mortgage loans with false and misleading information in order to induce lenders to make loans to persons and at terms that the lenders otherwise would not have funded.

7. As part of the scheme to defraud, SHAHEID BILAL, and RHONDA PAYNE, the defendants, and others known and unknown, recruited and maintained relationships with individuals with

minimal real estate experience to act as straw purchasers for certain properties and to obtain home mortgage loans. The defendants recruited such straw purchasers by, among other things, paying them thousands of dollars in fees. The defendants told several of these straw purchasers, in sum and substance and among other things, that the straw purchasers would not have to pay the mortgages because the defendants would make payments for several months, and/or that the defendants would make money to pay the mortgages by renting out the properties.

8. As a further part of the scheme to defraud, the straw purchasers provided information regarding their identities, assets and credit to SHAHEID BILAL, RHONDA PAYNE, and RICHARD BRITT, the defendants, and others known and unknown, who later used that information in causing loan applications and information to be prepared and submitted on behalf of the straw purchasers for home mortgage loans. These loan applications purported to represent accurately the personal and financial information of each straw purchaser to the lenders. However, the loan applications and related information fraudulently improved the straw purchasers' credit worthiness by falsifying personal and financial information about the straw purchasers that was material to the lenders in making their lending decisions. For example, the loan applications contained false and misleading information concerning the straw purchasers' employment, income and assets.

9. In some instances, as a further part of the scheme to defraud, and in addition to the false statements concerning the straw purchasers' financial profiles, SHAHEID BILAL, RHONDA PAYNE, and RICHARD BRITT, the defendants, and their co-conspirators, falsely represented to the lenders that the straw purchasers intended to reside primarily in the properties that would secure those mortgages or loans, when, in fact, the straw purchasers did not intend to live in the properties, and, in many cases, the defendants intended to rent out the properties.

10. As a further part of the scheme to defraud, once the home mortgage loans were approved by the lenders as a result of the defendants' fraudulent misrepresentations, the defendants, through their actions, caused the loan funds to be transferred via interstate wires to the bank accounts of a settlement agent. The settlement agent then disbursed the funds to other entities for the benefit of the defendants.

11. The defendants involved in each transaction distributed the proceeds from the fraudulently obtained home mortgage loans amongst themselves and their co-conspirators for their personal gain. The defendants involved in each transaction further profited by renting out the target properties to tenants while failing to make mortgage payments on behalf of the straw purchasers.

#### THE DEFENDANTS

12. At all times relevant to this Indictment, SHAHEID

BILAL, the defendant, supervised and coordinated the recruitment of straw purchasers and the preparation of fraudulent loan applications and other documents for submission to the lenders, among other things.

13. At all times relevant to this Indictment, RHONDA PAYNE, the defendant, recruited straw purchasers to participate in the fraudulent scheme and assisted in the preparation of fraudulent paperwork for submission to the lenders, among other things.

14. At all times relevant to this Indictment, RICHARD BRITT, the defendant, assisted in the preparation of fraudulent paperwork for submission to the lenders, among other things.

**FRAUD AS TO SELECTED PROPERTIES**

15. As described above, in furtherance of the conspiracy and to effect the illegal objects thereof, SHAHEID BILAL, RHONDA PAYNE, and RICHARD BRITT, the defendants, and others known and unknown, through the use of fraudulent documents and false representations, obtained home mortgage loans for straw purchasers to fund the purchase of properties. For example:

a. In or about November 2006, a co-conspirator not charged as a defendant herein ("CC-1") recruited a straw purchaser ("Straw Purchaser 1"), who purchased a property located at 58 Beech Street, East Orange, New Jersey, for approximately \$370,000. A mortgage broker submitted documents from this closing on behalf of the defendants to the lender, First National

Bank of Arizona, and these documents contained false representations. Among other things, the documents falsely represented that Straw Purchaser 1 intended to live in the property as a primary residence. The property was subsequently placed in foreclosure.

b. In or about 2006, a straw purchaser ("Straw Purchaser 2") met with PAYNE. Straw Purchaser 2 gave PAYNE Straw Purchaser 2's personal information so that PAYNE could apply for a mortgage for Straw Purchaser 2. In or about November 2006, PAYNE and BILAL then used Straw Purchaser 2's information to purchase a property located at 147 North Day Street, Orange, New Jersey ("147 North Day"), for approximately \$345,000. A mortgage broker submitted documents from this closing on behalf of the defendants to the lender, First National Bank of Arizona, and these documents contained false representations. Among other things, the documents falsely represented that Straw Purchaser 2 intended to live in the property as a primary residence, falsely stated that Straw Purchaser 2 worked for Nuface, and falsely overstated Straw Purchaser 2's income. In this connection, PAYNE signed a letter falsely verifying that Straw Purchaser 2 worked for Nuface; CC-1 signed a gift letter falsely stating that Straw Purchaser 2 was CC-1's cousin, to whom CC-1 had made a gift of \$6,750; and BILAL spoke with a representative of First National Bank of Arizona and falsely verified that Straw Purchaser 2 worked for Nuface. Between at least on or about November 20,

2006, up to and including in or about 2008, BILAL and PAYNE rented 147 North Day to another individual, and collected approximately \$1,500 in rent per month. The mortgage has subsequently defaulted.

c. In or about November 2006, PAYNE recruited a straw purchaser ("Straw Purchaser 3"), who purchased a property located at 40 Hillyer Street, Orange, New Jersey, for approximately \$295,000. A mortgage broker submitted documents from this closing on behalf of the defendants to the lender, First National Bank of Arizona, and these documents contained false representations. Among other things, the documents falsely represented that Straw Purchaser 3 intended to live in the property as a primary residence and falsely stated that Straw Purchaser 3 was an employee of Nuface. The mortgage has subsequently defaulted.

d. In or about January 2007, PAYNE recruited a straw purchaser ("Straw Purchaser 4"), who purchased a property located at 481 Valley Street, Orange, New Jersey, for approximately \$300,000. BILAL and PAYNE told Straw Purchaser 4 that Straw Purchaser 4 would receive approximately \$10,000 for purchasing the property, and that Straw Purchaser 4 would not have to pay the mortgage because BILAL and PAYNE would pay the mortgage by renting out the property. A mortgage broker submitted documents from this closing on behalf of the defendants to the lender, First National Bank of Arizona, and these documents contained

false representations. Among other things, the documents falsely represented that Straw Purchaser 4 intended to live in the property as a primary residence, falsely represented that Straw Purchaser 4 worked for Nationwide Property Management, and falsely overstated Straw Purchaser 4's income. In this connection, BILAL spoke with a representative of the First National Bank of Arizona and falsely verified that Straw Purchaser 4 worked for Nationwide Property Management. The property was subsequently resold at a loss.

e. In or about January 2007, the defendants caused another property to be purchased in the name of Straw Purchaser 1 located at 92 Ellington Street, East Orange, New Jersey, for approximately \$380,000. A mortgage broker submitted documents from this closing on behalf of the defendants to the lender, Lehman Brothers Bank, and these documents contained false representations. Among other things, the documents falsely represented that Straw Purchaser 1 intended to live in the property as a primary residence. The property was subsequently placed in foreclosure.

f. In or about January 2007, the defendants caused another property to be purchased in the name of Straw Purchaser 2 located at 32 North Burnett Street, East Orange, New Jersey, for approximately \$350,000. A mortgage broker submitted documents from this closing on behalf of the defendants to the lender,



Atlantic Home Loans, and these documents contained false representations. Among other things, the documents falsely represented that Straw Purchaser 2 intended to live in the property as a primary residence, falsely represented that Straw Purchaser 2 worked for Brickhouse Transportation, LLC, and falsely represented Straw Purchaser 2's income. The property was subsequently placed in foreclosure.

**STATUTORY ALLEGATION**

16. From at least in or about 2005 through in or about 2007, in the Southern District of New York and elsewhere, SHAHEID BILAL, RHONDA PAYNE, and RICHARD BRITT, the defendants, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, to wit, to violate Sections 1343 and 1344 of Title 18, United States Code.

17. It was a part and an object of the conspiracy that SHAHEID BILAL, RHONDA PAYNE, and RICHARD BRITT, the defendants, and others known and unknown, unlawfully, willfully, and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and did transmit and cause to be transmitted by means of wire and radio communication in interstate and foreign

commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

18. It was further a part and an object of the conspiracy that SHAHEID BILAL, RHONDA PAYNE, and RICHARD BRITT, the defendants, and others known and unknown, unlawfully, willfully, and knowingly would and did execute and attempt to execute a scheme and artifice to defraud financial institutions, the deposits of which were then insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, such financial institutions, by means of false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1344.

**OVERT ACTS**

19. In furtherance of the conspiracy and to effect the illegal objects thereof, SHAHEID BILAL, RHONDA PAYNE, and RICHARD BRITT, the defendants, and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. In or about 2005, BRITT spoke with a co-conspirator not charged herein ("CC-2") and agreed to split the proceeds of mortgage deals BRITT referred to CC-2.

b. In or about 2005, BRITT introduced BILAL and PAYNE

to CC-2.

c. In or about 2006, BILAL and PAYNE traveled through New York, New York, and met with CC-2 in Long Island, New York.

d. In or about 2006, CC-1 recruited Straw Purchaser 1 to purchase a house.

e. In or about November 2006, BILAL and PAYNE submitted and caused to be submitted false residency information, among other things, to First National Bank of Arizona in order to procure home mortgage loans in the amount of approximately \$370,000 for the purchase of a property located at 58 Beech Street, East Orange, New Jersey, which funds were wired among co-conspirators through bank accounts in New York, New York.

f. In or about January 2007, BILAL and PAYNE, submitted and caused to be submitted false residency, employment and financial information, among other things, to First National Bank of Arizona in order to procure home mortgage loans in the amount of approximately \$295,000 for the purchase of a property located at 40 Hillyer Street, Orange, New Jersey, which funds were wired among co-conspirators through bank accounts in New York, New York.

g. In or about January 2007, BILAL and PAYNE, submitted and caused to be submitted false residency information, among other things, to Lehman Brothers Bank in order to procure home mortgage loans in the amount of approximately \$380,000 for

the purchase of a property located at 92 Ellington Street, East Orange, New Jersey, which funds were wired through bank accounts in New York, New York.

h. In or about January 2007, BILAL and PAYNE submitted and caused to be submitted false residency, employment and financial information, among other things, to Atlantic Home Loans in order to procure home mortgage loans in the amount of approximately \$350,000 for the purchase of a property located at 32 North Burnett Street, East Orange, New Jersey, which funds were wired through bank accounts in New York, New York.

(Title 18, United States Code, Section 1349.)

COUNT TWO

(Wire Fraud re: 58 Beech Street, East Orange, New Jersey)

The Grand Jury further charges:

20. In or about November 2006, in the Southern District of New York and elsewhere, SHAHEID BILAL and RHONDA PAYNE, the defendants, unlawfully, willfully, and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire and radio communication in interstate commerce, a writing, sign, signal, picture, and sound for the purpose of executing such scheme and artifice, to wit, BILAL and PAYNE participated in a scheme to

defraud First National Bank of Arizona by obtaining home mortgage loans for Straw Purchaser 1 in the aggregate amount of approximately \$370,000, through the use of false statements and fraudulent documents, to fund the purchase of a property located at 58 Beech Street, East Orange, New Jersey, which funds were wired interstate among participants in the scheme through bank accounts in New York, New York.

(Title 18, United States Code, Sections 1343 and 2.)

**COUNT THREE**

(Wire Fraud re: 40 Hillyer Street, Orange, New Jersey)

The Grand Jury further charges:

21. In or about January 2007, in the Southern District of New York and elsewhere, SHAHEID BILAL and RHONDA PAYNE, the defendants, unlawfully, willfully, and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire and radio communication in interstate commerce, a writing, sign, signal, picture, and sound for the purpose of executing such scheme and artifice, to wit, BILAL and PAYNE participated in a scheme to defraud First National Bank of Arizona by obtaining home mortgage loans for Straw Purchaser 3 in the aggregate amount of approximately \$295,000, through the use of false statements and fraudulent

documents, to fund the purchase of a property located at 40 Hillyer Street, Orange, New Jersey, which funds were wired interstate among participants in the scheme through bank accounts in New York, New York.

(Title 18, United States Code, Sections 1343 and 2.)

COUNT FOUR

(Wire Fraud re: 92 Ellington Street, East Orange, New Jersey)

The Grand Jury further charges:

22. In or about January 2007, in the Southern District of New York and elsewhere, SHAHEID BILAL and RHONDA PAYNE, the defendants, unlawfully, willfully, and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire and radio communication in interstate commerce, a writing, sign, signal, picture, and sound for the purpose of executing such scheme and artifice, to wit, BILAL and PAYNE participated in a scheme to defraud Lehman Brothers Bank by obtaining home mortgage loans for Straw Purchaser 1 in the aggregate amount of approximately \$380,000, through the use of false statements and fraudulent documents, to fund the purchase of a property located at 92 Ellington Street, East Orange, New Jersey, which funds were wired interstate through bank accounts in New York, New York.

(Title 18, United States Code, Sections 1343 and 2.)

**COUNT FIVE**

(Wire Fraud re: 32 North Burnett Street, East Orange, New Jersey)

The Grand Jury further charges:

23. In or about January 2007, in the Southern District of New York and elsewhere, SHAHEID BILAL and RHONDA PAYNE, the defendants, unlawfully, willfully, and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire and radio communication in interstate commerce, a writing, sign, signal, picture, and sound for the purpose of executing such scheme and artifice, to wit, BILAL and PAYNE participated in a scheme to defraud Atlantic Home Loans by obtaining home mortgage loans for Straw Purchaser 2 in the aggregate amount of approximately \$350,000, through the use of false statements and fraudulent documents, to fund the purchase of a property located at 32 North Burnett Street, East Orange, New Jersey, which funds were wired interstate through bank accounts in New York, New York.

(Title 18, United States Code, Sections 1343 and 2.)

**FORFEITURE ALLEGATION**

24. As a result of committing one or more of the bank and wire fraud offenses alleged in Counts One through Five of

this Indictment, SHAHEID BILAL, RHONDA PAYNE, and RICHARD BRITT, the defendants, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real or personal, constituting or derived from proceeds traceable to the bank and wire fraud offenses alleged in Counts One through Five of the Indictment, including but not limited to at least \$3,975,000 in United States currency, in that such sum in aggregate is property representing the amount of proceeds obtained as a result of the bank and wire fraud offenses.

Substitute Asset Provision

25. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

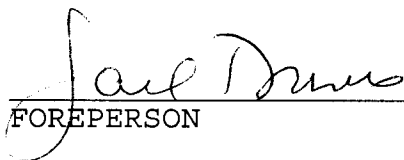
- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third person;
- (3) has been placed beyond the jurisdiction of the Court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be subdivided without difficulty;

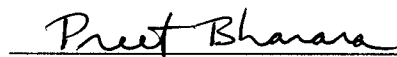
it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any



other property of said defendants up to the value of the above  
forfeitable property.

(Title 18, United States Code, Sections 981, 1343 and 1344;  
Title 21, United States Code, Section 853(p); Title 28, United  
States Code, Section 2461.)

  
FOREPERSON

  
PREET BHARARA  
United States Attorney

Form No. USA-33s-274 (Ed. 9-25-58)

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

- v. -

SHAHEID BILAL,  
RHONDA PAYNE, and  
RICHARD BRITT,

Defendants.

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INDICTMENT

10 Cr.

(18 U.S.C. §§ 1349, 1343, 2.)

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PREET BHARARA  
United States Attorney.

A TRUE BILL

  
Foreperson.

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2/19/10 Filed Indictment Under Seal A/W's issued.

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Fox  
U.S.M.J